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WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY OF WAR
STRATEGIC SERVICES UNIT

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26 October 1945

MEMORANDUM FOR THE HONORABLE ROBERT A. LOVETT,
ASSISTANT SECRETARY OF WAR FOR AIR

Subject: Report on Intelligence Matters

There is submitted herewith in eight copies report requested in your memorandum of 23 October 1945, above subject. The report is divided into two parts and the questions in each part are answered in the order indicated in your memorandum.

John Magruder
Brig. Gen.
Director

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REPORT OF BRIGADIER GENERAL JOHN MAGRUDER, DIRECTOR SSU, WD, TO ASSISTANT SECRETARY LOVETT ON INTELLIGENCE MATTERS.

PART I

a. Present functions of Strategic Services Unit:

Currently, the Strategic Services Unit is engaged in:

(1) operating secret intelligence and counter-espionage branches of its predecessor, the Office of Strategic Services;*

(2) liquidating the OSS branches for the development and support of resistance groups and guerrilla warfare, maritime sabotage and other clandestine maritime operations, the development and execution of black propaganda campaigns, and field photographic work;

(3) reducing the communications and services facilities which have served the above-mentioned activities as well as the Research and Analysis and Visual Presentation Branches which have now been transferred to the State Department.

The organization, which had a peak strength of approximately 13000, exclusive of agents and other foreign nationals in special capacities, has already been reduced to less than 8,000 and the reduction is continuing.

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* Under its basic JCS directive (JCS 155/11/D) OSS was not permitted to operate in the Western Hemisphere except for Research & Analysis and other limited purposes.

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In regard to secret intelligence and counter-espionage, SSU is now focusing on the maintenance and operation of assets developed during the war. For this purpose, the headquarters organization now consists of a unit for the production, processing and dissemination of secret intelligence, a unit for counter-espionage operations, and units which provide communications, training, and various technical services required for these operations. In the field, there are (a) units serving the U. S. Group Control Commission and American Zone Headquarters in Germany and Austria; (b) small groups in London, Paris, and Rome which, in addition to liquidating activities, serve the American occupation authorities in Germany, Austria and Italy, and intelligence customers in Washington. SSU also has representatives in other points in Europe, Africa and the Middle East who for the most part seek to keep alive intelligence contacts developed during the war. In the Far East, OSS headquarters which conducted wartime operations in China and Southeast Asia, are likewise liquidating guerrilla warfare and propaganda units, and scaling down intelligence and counter-espionage units to a point adequate to keep alive war-developed sources and to produce currently certain intelligence required by American authorities in those areas.

b. <u>Relations with other intelligence units</u>:

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During the period of the war, the secret intelligence

and counter-espionage branches of OSS served through appropriate intelligence channels, the Joint Chiefs of Staff, the War and Navy Departments, various army and naval commands overseas, the State Department, the Foreign Economic Administration, the Office of War Information, the Federal Bureau of Investigation, the U. S. Treasury and other agencies of the government, with intelligence produced by clandestine methods and with information about the plans and activities of enemy secret services.

These units, in addition to carrying out American espionage and counter-espionage operations, also functioned as a machinery for "working" foreign intelligence services: i.e., giving them technical support, primarily communications and airlift, focusing Allied operations on intelligence objectives of American military interest, and seeing that intelligence reports produced by Allied services reached the proper American consumers.

The counter-espionage branch observed, reported upon, and operated against intelligence and subversive organizations and individuals of other nations. It also rendered incidental services to other agencies of the government, such as visa and other security assistance to the American legations and consulates, and the furnishing of general security information to U. S. agencies. In non-military areas, it acted as the central security and counter-espionage service of the United States, working in cooperation with represen-

tatives of the State Department, the Army, the Navy, and the FBI.

During the war, the Research and Analysis and Visual Presentation Branches were also included in the intelligence machinery of OSS. The Research and Analysis and Visual Presentation Branches rendered service to the above-named consumers by piecing together intelligence reports from all sources and making over-all strategic surveys, by preparing presentations, and by rendering such special services as the analysis of German and Japanese industry and the flow of production to determine vulnerable points and to establish bombing targets and the preparation of basic studies and handbooks for the use of Military Government.

The foregoing activities assigned to this organization by directive of the Joint Chiefs of Staff, was only one segment of a vast intelligence effort, but it served to round out a complete intelligence service for the United States Government during the war.

c. Appraisal of operations of OSS and SSU:

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(1) Introductory comment:

As has been explained, the work of OSS included sabotage, organization of resistance groups, black propaganda against the enemy, and other para-military and subversive operations, as well as various special services for the Joint Chiefs of Staff and the theater commanders. The

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appraisal herein set forth, however, is confined to the work of the intelligence branches -- SI (Secret Intelligence), X-2 (counter-espionage), and Research and Analysis.

(2) Achievements:

(a) General Statement:

During the war just ended, OSS accomplished the following:

(i) It established, for the first time in American history, an organized network of secret agents, who operated behind enemy lines, and who penetrated enemy installations in neutral countries, in order to obtain vital intelligence. These agent networks were established in Europe, North Africa, the Near and Middle East, and the Far East.

(ii) It established, for the first time in American history, an organized system of counter-espionage which penetrated and neutralized enemy espionage organizations, operating for these purposes in Europe, North Africa, the Near and Middle East, and the Far East.

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(iii) It organized the resources of American scholarship to supplement, and integrate into comprehensive studies, the intelligence procured from the various channels and sources available to the national government.

Specific achievements are set forth in Tab A.

(3) Shortcomings:

The work of OSS during the war was handicapped by defects in organization, personnel and orientation. Fundamentally, all of these defects derived from the same source: the fact that the United States had no centrally controlled and comprehensive espionage system in being when the war broke out, and no experience in the development and direction of any such system. As in so many other aspects of the war establishment, the nation had to improvise. There were few other phases of the war, however, in which the nation so completely lacked a nucleus around which to build and a body of experience upon which to draw as in the field of espionage and counter-espionage. As a result:

(a) The personnel of OSS, recruited and brought together in haste under the stress of the emergency, tended to be uneven in quality. Functions which were well-conceived were performed unequally at different points by different people. Unsatisfactory personnel

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were steadily weeded out, and the highest quality personnel steadily moved into positions of primary control and responsibility. But the effects of haste and improvisation were felt to the end. This could only have been avoided by a careful and orderly preparation for the job during the years of peace.

(b) The same factors of haste and improvisation produced serious elements of confusion in the organization of OSS.

(c) At the outset of the war, OSS had to rely upon the know-how and facilities of Allied secret intelligence agencies--notably the British and the French. In this connection, however, it is noteworthy that OSS, to the best of our information, by the end of the war definitely outstripped both British and French secret intelligence in the penetration of Germany, Austria and the Balkans.

(d) During the early period of fumbling in the development of the proper relationship of OSS to the War Department, the Navy Department and the State Department, certain of the efforts of OSS tended to be misplaced,

in the sense that they were not properly related to the needs and plans of the military and political authorities.

Furthermore, the adjustment of working relations between OSS and the military authorities was impeded by the failure of OSS adequately to indoctrinate its personnel with respect to the relationship of OSS to the Army and Navy.

d. Appraisal of over-all operations of government intelligence agencies:

(1) Introductory Comment:

The OSS and SSU are in no position to offer an appraisal of the performance of other intelligence agencies of the United States during the war. The appraisal herein set forth, therefore, is confined to an appreciation of defects in the inter-relationships among the intelligence agencies of the Government which became manifest in the course of the practical experience of OSS.

(2) Elements of duplication and lack of coordination:

(a) The effectiveness of OSS espionage and counter-espionage was seriously handicapped by a failure to receive adequate direction from the military and political authorities as to the

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categories of information particularly needed. Where, as in the case of the U. S. 3rd and 7th Armies and the China Theater under General Wedemeyer, and in the cases of the American Legations in Switzerland and Sweden, intimate relations were established between OSS and the Army command or diplomatic authorities, and where systematic and intelligent direction of activities existed operations were unusually effective.

(b) A full and free interchange of intelligence among the various intelligence-collecting agencies of the Government--e.g., the War Department, the Navy Department, the State Department, FEA and OSS--was never achieved or even closely approximated. Without an effective mechanism for such interchange, gaps in information at key points, and wasteful duplication of effort, were inevitable.

(c) There was inadequate team-work in intelligence collection on the American side, and no effective mechanism for an all-American flow and coordinated evaluation of intelligence. For example, certain data obtained through War Department G-2 Special Branch activities, which

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were vital to certain OSS espionage and counter-espionage work, were never made available to OSS by G-2. This failure in collaboration was ironically underscored by the fact that much information of the same type was made available to OSS by British sources. Similarly, certain prisoner-of-war interrogation data which would have facilitated the espionage and counter-espionage work of OSS was denied to OSS. Again, data collected by OSS (and by French, Polish, Dutch and other Allied intelligence agencies who made such data available to both OSS and British agencies) sometimes reached the higher echelons of combined command only through British channels as British reports. In China, the intelligence activities of the U. S. Ground Army, the 14th Air Force, the Naval Task Group for China, the U. S. Embassy and OSS were for a long time at cross purposes. In the Pacific, the clandestine services of OSS were not permitted to operate. This impeded the mutual support of American intelligence on the Asiatic mainland and American intelligence in the Pacific, and created a serious void in American knowledge of the Japanese espionage system.

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(d) The desire for and practice of cooperation among various intelligence agencies of the Government on the working levels tended often to be impeded and sometimes stopped because of misunderstanding or disagreements at top levels.

(e) Owing to the lack of a central coordinating body, there were gaps and duplications in the dissemination of intelligence.

(f) There was no central mechanism for pooling and comprehensively developing the various bits and pieces of intelligence collected by the various intelligence procurement agencies of the Government.

e. Additional comment on over-all intelligence organization of the U. S. Government:

From the standpoint of OSS in its relationship to the combined commands, it seemed that the United States military services placed inadequate emphasis, as compared with our Allies, upon the role, position and importance of army and naval intelligence and counter-intelligence officers.

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PART II

a. Recommendations as to the Foreign Intelligence Activities of the United States Government.

1. In general outline, the most desirable organization and program for the foreign intelligence activities of the United States Government for the future [would] involves a continuation of the present department services with the addition of a central foreign intelligence unit. To this unit would be delegated some of those functions now carried on, by necessity or choice, by the present services but which are not strictly related to their functions. The present departmental services would be expected to continue their operations without change, under the sole limitation that they concern themselves primarily with the overt collection of foreign intelligence peculiar to their respective activities, together with the evaluation, analysis and dissemination of such intelligence. A further discussion of war Department intelligence service functions appears in paragraph (b) below.

2. Preceding paragraphs have brought out clearly the need which the American Government has for a central foreign intelligence service as exemplified by conditions during the recent war. The need for a central foreign intelligence service has long existed, but it has been heavily underscored by the national experience during the past four years. Looking toward the future, the situation becomes even more acute in view of the

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implications of the pivotal position which the United States occupies in foreign affairs and the incalculable consequences of the release of atomic energy. The Government of the United States cannot afford to rely, as it has in the past, on information provided by other governments unless that information is subjected to the keenest scrutiny for evidence of bias or self service. Nor can it depend entirely upon the haphazard contributions of its own departmental intelligence services, whose major functions are to service the departments to which they belong rather than the needs of the Government as a whole. It is essential that the product of all sources of foreign intelligence which are available to the Government should be coordinated in a central agency through which it may be made available to the different departments of the Government with the least possible delay and in the form most likely to be of immediate value in the formulation of policy.

3. Regarding the broad functions, responsibilities and composition of the central intelligence unit, the essential elements may be summarized briefly in the following six major points:

(a) Organization and control. The national foreign intelligence organization must be regarded, and effectively serve, as the instrument of any and all parts of the national government concerned with national security or foreign policy. Since it is the Departments of State, War and Navy which are

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most directly and immediately concerned in these matters, it is appropriate that they should coordinate the foreign intelligence activities of the Federal Government and exercise joint supervision over such a national foreign intelligence organization

The question will undoubtedly be raised as to why such an organization cannot be ancillary to one or the other of these departments. The major reasons for the insistence upon the independence of the central intelligence agency are four in number:

1) Every safeguard is required to prevent the agency from becoming an instrument of policy of a single government department. The agency is expected to serve equally and without prejudice all the interested branches of the Government. It might be able to do so if it were attached to one department, but experience has shown that those departments having no part in its control would be most likely to feel that their interests were not properly represented.

2) The agency itself should be completely denied any policy-making function, in order that its objectivity may be preserved and that it may not succumb to the inevitable temptation to tailor its reports to support a policy in which it has an interest. It should be apparent that

this danger will be more readily avoided if the central intelligence agency does not find itself a part of a single policy forming department.

3) Only a separate agency solely concerned with intelligence matters can successfully be the repository of powers and functions delegated to it by all interested departments. It should be immediately apparent that the War Department would be exceedingly hesitant to rely upon a branch of the State Department to obtain on its behalf clandestine intelligence of a military nature. It would be almost inevitable, were the central intelligence agency to be attached to the State Department, that the War Department would feel the necessity of conducting its own operations in the clandestine field. If, on the other hand, according to the present proposal, the intelligence agency should be at least partially responsible to the War Department (which would contribute to its staff of experts), the War Department would be more confident that its needs would be given proper attention and competent handling.

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4) The proper functions of the central intelligence agency include the provision of foreign intelligence to all branches of the Government and it must be in a position to serve them all. Granting the lines which have grown up between the regularly established government departments, the central intelligence functions, involving receipt of intelligence from all departments as well as dissemination of it to all departments, can be successfully fulfilled only where the agency charged with that function is independent of any one of them.

(b) Provision for the comprehensive analysis and synthesis of information concerning foreign nations. The present American intelligence system resembles a costly group of factories, each manufacturing component parts without a central assembly line for the finished product. This function of analysis and synthesis by a central intelligence agency represents the assembly line which has heretofore been lacking.

All departments and agencies of the Government which collect information concerning foreign nations, whatever may be the manner of collection, should be required to make freely available to the national foreign intelligence organization such part of the information collected in such form as may be required by the central agency. The information thus centralized will be collated, analyzed

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and incorporated into comprehensive studies. This is not intended to interfere with the appropriate activities of the several agencies now engaged in the collection of such information. It is designed to accomplish the pooling of their product. Such a pooling is necessary in order to bring together for presentation to those charged with responsibility for the national security and for the formulation of foreign policy the comprehensive picture essential to the proper discharge of their responsibilities.

Comprehensive studies of the type required can only be successfully accomplished if all possible material is available from all possible sources. Recent experience has shown that certain sources of information within the Government have been unwilling, for real or imagined reasons of security, pride of ownership, or interdepartmental jealousy, to make available the products of their intelligence activities to other departments to which these products were of vital interest. If the central intelligence agency is vested with sufficient authority in its establishment to require the cooperation on the part of individual departments which experience has shown does not occur on a voluntary level, it can approach an optimum capacity for turning out definite studies of value to all departments individually or in functional groups.

Such studies would be made in part at the request of individual departments of the Government. Within the central intelligence agency they would be drawn up by a staff of specialists with wide background and experience drawn from all phases of governmental and civil life and therefore in balance, without

departmental or political preoccupation. A large proportion of the studies would deal with fields in which civilians are experts and military men are laymen, and the staff should therefore contain a concentration of the best civilian talent available in the country. Such a staff could not be maintained by any single department of the Government which would be forced to justify the expense involved in terms of its own professional activities.

(c) Sole responsibility for the procurement of foreign intelligence by clandestine means. The collection of foreign information by overt means by the Foreign Service of the State Department and by military and naval attaches and other agencies of the Government must, of course, continue, but there is important information vital to the security of the United States which cannot be obtained except by clandestine means. Such secret intelligence procurement would include both espionage and counter-espionage.

Reference is made to the memorandum hereto attached which discusses in detail the basic reasoning behind the maintenance of a clandestine intelligence organization. (See Tab B.) It describes the wide variety of information, including political, economic, sociological, psychological, military and counter-espionage aspects, which is obviously essential for the security and guidance of the Government, but which is available almost entirely through clandestine means and not through overt channels. It also outlines the basic requirements for successful organization

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of a clandestine intelligence system.

It is not generally recognized in the United States that the operation of clandestine intelligence is a highly professional pursuit which should be undertaken only by experts. The problem of placing and maintaining agents in foreign countries with proper safeguards, both for the agents themselves and for the information which they secure, is so complex that it must be centralized in one separate operating unit acting on behalf of the United States Government. The professional hazards are such that no country can afford to increase them by permitting uncoordinated clandestine operations to be indulged in by various departments whose normal responsibilities are so great that clandestine operations necessarily constitute a minor interest.

Special facilities in the nature of training, documenting, financing, equipping, and maintaining communications with clandestine agents are all required for the successful performance of the clandestine intelligence function. Few, if any, of these are generally available in the intelligence agencies of the Armed Forces and few of these are capable of supporting the experienced staff essential to successful work along these lines. Adequate clandestine intelligence coverage of the world for the United States Government is no small undertaking and requires a concentration of talents and experience on a scale surpassing the probable estimates of any but professionals in the field. The Strategic Services Unit of the War Department possesses the

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nucleus of such an organization and is in a position to provide figures concerning its detailed organization and probable cost.

Clandestine intelligence operations involve a constant breaking of all the rules of correct procedure according to which the regular government departments must operate. To put it baldly, such operations are necessarily extra-legal and sometimes illegal. No regular government department, be it War, State or Navy, can afford to house such operations within itself or otherwise identify itself with them. Independence of association with them is therefore essential.

The clandestine intelligence function should be assigned to the central intelligence agency rather than to any separate department of the Government because its service, like that of the analytical branch, will be for the benefit of all departments and will require in even greater degree the cooperation of all interested branches. Security requires that clandestine intelligence operations be handled in an agency whose security practices are of a special character. Association of these operations within an agency the functions of which are concentrated upon the processing of intelligence will increase the security by removing the operations from departments containing large numbers of personnel whose activities are in no way related to intelligence. Further more, the more or less overt analytical branch of the central agency will provide, in a way, cover for the clandestine operations. The cover of one

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of the regular departments of the Government might be more satisfactory from the point of view of its overt dissociation from intelligence activities, but such a connection would involve hazards considerably in excess of the advantages to be gained. In particular, it is essential that those departments of government charged with the handling of relations with foreign governments, should be in position to deny with truth that they have a controlling interest in or knowledge of clandestine intelligence operations.

Such operations to be successful will require the assistance of all departments of government on request. For example, any or all of them may, at one time or another, be asked to provide cover for an agent; the State Department will be required to provide passports, or authority to issue passports without too close inquiry into identities or reasons for travel; the War Department may be asked for arms, for faked plans of operations or materiel for use in double agent operation Such types of assistance will be more freely given to a professional agency of recognized standing in which the departments have a participating interest than to one which is wholly under the control of a single department.

(c) Concentration on foreign intelligence. The national foreign intelligence organization should not engage in the procurement of intelligence by secret means within the United States. Its clandestine intelligence procurement

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operations would be concerned with areas outside the United States.

The existence of the central intelligence agency would be a matter of justifiable suspicion if it were subject to the possible criticism that it could be used as a political tool within the country. Complete concentration upon foreign intelligence will make it impossible for any administration to use secret intelligence for its own internal political ends. Whether or not any administration would choose so to use the agency is a question of no importance inasmuch as any administration in power would inevitably be charged by its opponents with so using it.

(e) Denial of police power. For reasons related to those discussed in paragraph (d) the national foreign intelligence organization should possess no police power. The alternative would involve the danger of too great a concentration of power for action in the hands of the director of the agency and would tend inevitably to affect the objectivity which is one of the major advantages possessed by a central organization as opposed to one more closely associated with a policy-forming department. In addition, the concentration of the central intelligence agency upon foreign intelligence obviates any practical value to the possession of police powers which could only be used within the national boundaries. Any action to be

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taken as a result of intelligence operations in foreign countries would of necessity be taken by the departments of the Government which are properly concerned with foreign relations.

(f) Independent budget. The national foreign intelligence organization should have its own independent budget for reasons which have been hinted at in paragraphs (b) and (c) above. These may be more clearly stated as follows:

1) The cost of maintaining the central intelligence agency will be considerably in excess of that which could be justified by a government department charged with more specific functions. No money value can be assigned to successful intelligence accomplishments. Budgetary standards of efficiency and economy are not generally applicable.

2) The maintenance of a clandestine intelligence service requires certain strict controls on the availability of information concerning its expenditures, which are not in accord with usual government practice. Publicizing of amounts paid for the purchase of information, or even of salary lists of foreign operatives, would jeopardize the success and the safety of the operations, which would immediately lose their clandestine nature. It is absolutely essential that the identities of agents abroad,

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and even in some cases those of operational staff members in the home office, be kept from public scrutiny and that of the exceedingly capable intelligence agents of foreign nations.

The independent budget of the national foreign intelligence organization should be ~~approved or rejected as a whole~~ by the Congress without detailed or close inquiry into the specific expenditures involved. Experience has shown that such inquiries divulge too great a quantity of information for the security of clandestine intelligence operations.

b. Field to be covered by War Department intelligence.

Under the over-all Government intelligence program, present functions of the War Department intelligence services will be maintained with perfect freedom in their own specific fields. These services will, however, be relieved of the necessity for carrying on intelligence operations, the results of which are not clearly related to the established functions of the War Department. Intelligence not of a strictly military character which is required by the War Department will be immediately available to it through the central intelligence agency in a form more comprehensible, comprehensive, and significant than is presently possible. The superiority of the new system arises from the availability to the central intelligence agency of the intelligence products of all agencies, which products will have been subject to searching analysis and synthesis by experts of the central intelligence agency.

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These experts, incidentally, will in part be contributed or assigned by the War Department itself to the central intelligence agency, thus assuring the participation in the staff studies of men indoctrinated in the requirements of the War Department.

The intelligence services of the War Department itself will thus be able to concentrate their facilities on functions in which military men are experts and civilians are laymen, namely, the collection, evaluation, analysis, and dissemination of foreign intelligence pertinent peculiarly to the military service. Typical of such subjects are:

Tactics
Strategy
Doctrine
Technique
Composition
Strength and organization
Order of battle
Equipment
Armament
Supply
Installations
Capabilities and intentions of the foreign military services.

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c. Scope to be performed by State, Navy and other Departments.

It is unnecessary to attempt any further statement regarding the scope of the intelligence functions which should be performed under the recommended plan by the Navy, State Department, and other individual Government departments than to say that they in their respective fields should maintain intelligence activities appropriately serving their normal operations.

d. Division of War Department intelligence functions.

Those intelligence functions respecting the subjects indicated in paragraph b above as being appropriate to the War Department should be assigned as follows:

1. Information regarding foreign Army Ground Forces - to the Military Intelligence Division.
2. Information regarding Foreign Air Forces - to the Air Intelligence Division.

It is recognized that a wide overlap exists in the above intelligence fields which must be adjusted between the A. C. of S, G-2 and A. C. of S, A-2.

e. Disposition of SSU.

The assets, facilities, and functions of SSU should be maintained in their present state under the supervision and direction of the Assistant Secretary of War, until such time as a definite decision has been reached with respect to a central intelligence agency.

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In the event that no central intelligence agency results from present deliberations, it is believed that the SSU should revert to the operational control of the A. C. of S, G-2, War Department, and operate as a unit under his jurisdiction. However, integration of SSU personnel and activities into MIS would neutralize its peculiar assets and minimize its effectiveness.

John Magruder
Brig Gen, USA
Director, SSU

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SPECIFIC ACHIEVEMENTS

A. Positive Intelligence

1. In collaboration with the State Department, OSS agents entered North Africa and organized espionage networks some five months before the invasion in November, 1942. They also successfully established a system of clandestine communications within North Africa and between North Africa and Washington, by radio and other means. The intelligence furnished was a vital element in the planning and conduct of the invasion.

2. From bases in North Africa and in Spain, OSS agents entered Southern France and organized espionage networks, commencing over eighteen months prior to the invasion of Southern France by the U. S. 7th Army in August 1944. A major part--estimated at 50 percent--of the intelligence directly available to the 7th Army in the planning of its landings derived from OSS sources.

3. Throughout the campaign in Italy, OSS agent networks operated effectively behind enemy lines. The organization of these networks reached a peak of development in Northern Italy during the months of stalemate along the front north of the Arno. The intelligence received from these networks was highly valued by Allied Force Headquarters, the 15th Army Group and the U.S. 5th and the British 8th Armies.

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4. Commencing in the fall of 1943, OSS officers and agents penetrated Yugoslavia, and established an agent network which furnished a systematic flow of information on enemy troop movements and strategic bombing targets in that area.

5. Between April 1944 and September 1944, OSS, in collaboration with the British and the French, placed some fifty 2-man agent-radio operator teams behind enemy lines in Northern France. Of these, slightly more than half were American (OSS) controlled. In this period, these teams organized espionage networks and sent back over 1,000 radio messages, containing vital information on enemy troop movements, troop identification, supply movements, and the location of ammunition dumps. It should be emphasized that this activity was apart from, and in addition to, the intelligence work of another group of teams who were parachuted in to organize, supply and guide the uprisings of the FFI.

When the conquest of France was completed, over 2,000 OSS agents and sub-agents had been over-run.

6. Between September 1944 and the collapse of Germany in May 1945, OSS placed 102 agent teams on deep penetration missions behind enemy lines within Germany. To the best of our information, this far exceeded the number of teams placed in Germany by the British and French combined.

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7. In addition to these deep penetration operations, OSS operated field detachments with the U.S. 3d, 7th, and 9th Armies, and with the U. S. 12th Army Group, in France and Germany; and with the U. S. 5th and British 8th Armies in Italy. These detachments organized short-range penetrations by agents to obtain tactical intelligence. They operated in the main by a technique of infiltration through enemy lines, and, to a much smaller extent, by short-range parachute drops.

8. OSS operated a series of agent networks based on Switzerland, into Germany, Italy and occupied France. The work of the Swiss unit of OSS was characterized by the Chief of British secret intelligence as the outstanding secret intelligence job of the war on the Allied side. This unit initiated and developed the chain of delicate negotiations which culminated in the surrender of Northern Italy and Southern Austria. It also developed and exploited a channel of intelligence which proved to be a vital supplement to the material obtained by Special Branch of G-2, War Department, and its British counterpart.

9. OSS also operated from a base in Sweden. It was the sole Allied agency which succeeded in penetrating the SKF Roller Bearing Corporation. (We are informed that British and Russian intelligence both made the attempt, unsuccessfully.). It obtained precise and comprehensive

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data of ball-bearing shipments by SKF to Germany. These data, when transmitted to the State Department, constituted the basis for the representations thereafter made by the State Department to the Swedish Government concerning such ball-bearing shipments.

The Sweden-based unit of OSS also produced reports on German order of battle and other important matters concerning the German-Russian front in Finland and the Baltic States.

10. Bits and pieces of information turned up by the New York Office of OSS in its systematic exploration of intelligence possibilities among refugees from abroad, and by wholly independent efforts of the OSS unit in Switzerland, when fitted together with other bits and pieces obtained by British secret intelligence sources and RAF photo-reconnaissance, established the importance of Peenemunde as a target for strategic bombing.

11. An OSS unit established itself in Bucharest prior to the capture of that city by the Russian armies. It maintained itself there during the period of subsequent occupation by the Russian armies and produced a steady flow of intelligence on developments within Rumania. Prior to the entry into Rumania of the American section of the Allied Control Council and the U. S. Political Advisor, this unit was the sole source of military and

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political information concerning Rumania, and the disposition of forces in Rumania and Hungary. After the establishment of the U. S. section of the Allied Control Council and the office of the U. S. Political Advisor in Bucharest, the OSS unit and its agent network continued to be a valuable instrument of intelligence.

12. The Research and Analysis Branch of OSS played a vital part in the work of the Enemy Objectives Unit in London, and the target intelligence work of the 15th Air Force at Foggia. In this way, it made an important contribution to the strategic bombing programs of the U. S. 8th and 15th Air Forces.

13. OSS agent networks established in the Near and Middle East have regularly returned vital information of a political-military character. For example, OSS agent chains were a primary source of information for American authorities concerning the civil war in Greece and the uprisings in Syria.

14. The OSS detachment in Northern Burma was the most important source of intelligence to General Stilwell's armies on enemy activities in Northern Burma.

15. During the period of General Wedemeyer's command in China, OSS has been a major source of intelligence to the American command.

16. During the period of enemy occupation of Thailand,

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OSS penetrated the area and established an agent network there which reached to the very highest levels of the Thai Government. This network not only furnished important intelligence on Japanese troop movements and strategic bombing targets, but also was the sole American source of vital political intelligence available to the State Department.

B. Counter-Espionage

In the field of counter-espionage, OSS made a number of notable contributions, both singly and in cooperation with Allied services. Through its neutral country stations, it was instrumental in bringing about the defection of important enemy intelligence service personnel, and exploiting these defections for the demoralization and neutralization of the enemy service. Thus an important series of defections in Turkey was followed by a sweeping reorganization of German espionage, culminating in the complete incorporation of the military secret intelligence service (Abwehr) into that of the Nazi Party (RSHA) with resulting friction and loss of efficiency. Neutral country stations also contributed vital information leading to the identification, apprehension and controlled exploitation of German agents with radio sets left behind in Normandy before the invasion. The field units of OSS counter-espionage branch (SCI) set up and operated a considerable

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number of penetration and deception agents. The former were successful in enticing enemy agents into our control, either as parachutists or line crossers, bringing with them considerable sums of money. By satisfying the enemy with a sufficient amount of true or partly true information, they discouraged him from sending in additional agents who might have operated without coming under our control. The role of OSS-controlled enemy agents with radio sets in assisting the implementation of deception programs has been commended by the competent agencies. It has been learned from interrogations of German intelligence personnel that not one of the OSS-controlled agents was ever suspected by the Germans. On the contrary, their information appears to have been believed implicitly, to such an extent that in at least seven cases they were rewarded by the enemy with the Iron Cross!

OSS SCI units operating with T Forces at 6th and 12th Army Groups, seized large quantities of counter-espionage material, which was forwarded through Army Documents channels to the Counter Intelligence War Room, London. The head of the War Room estimated that one such T Force operation, concluded in three days, netted identifying information on more than 20,000 German intelligence personnel. This virtually doubled the information on German intelligence personnel which had been made available through all pre-

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vious Allied counter-espionage operations during the war.

The counter-espionage branch of OSS has brought together in Washington comprehensive files on the espionage systems of foreign nations, including some 400,000 carded dossiers on individuals known to be, or suspected of being, connected with such activities.

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31 August 1945

MEMORANDUM

TO: Chief, SI

FROM: Divisional Deputy, Europe

SUBJECT: Prolegomena to any Future Clandestine Intelligence Organization

There is considerable danger that the future of American clandestine intelligence may become so entangled in the question of machinery for operating it that the major issue will be forgotten in the conflict of opinion. It seems desirable, therefore, to present the case for the preservation of the clandestine intelligence function quite apart from the problem of agency, technique, or supervision. Only if there is agreement on the "what" and "why" of clandestine intelligence can there be a consensus on the "how". Furthermore, certain indications regarding the "how" will emerge only from a clear understanding of the "what".

Definition

From the point of view of an organization established solely for the purpose of acquiring, evaluating and disseminating clandestine intelligence, a definition of its field more specific than that which refers only to its content is required. Reference to the method by which the material is obtained is a limiting factor which is essential if a differentiation is to be made within that broad realm of "classified information" which is the generally accepted connotation of a term like "secret intelligence". Obviously, a considerable portion of such information may be acquired in normal course by the overt or official operations of the State Department and other government agencies.

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Clandestine intelligence may properly be defined as "information regarding foreign nations and nationals affecting U.S. interests which foreign governments, groups or individuals wish to withhold from our government, and which normally must be obtained by an organization operating covertly".

It should be pointed out that this definition does not necessarily refer exclusively to that type of information which can only be secured by clandestine techniques, such as purchase, photography, cryptanalysis, bribery, etc., etc. There are at least three other types of information which are comprehended legitimately and necessarily within the scope of clandestine intelligence. These may be described as follows:

1. Secret intelligence which can only be secured by completely unofficial though not necessarily clandestine means.

2. Secret intelligence in which the U.S. Government does not officially care to evince an interest, or whose interest in which it prefers to conceal.

3. Intelligence, secret or open, secured by means the nature of which must be concealed for reasons of security.

The lines of demarcation between types of intelligence represented by these three classifications are not always distinct, nor can they always be clearly segregated from subject matter the acquisition of which by overt diplomatic means is to be anticipated. The obvious reason for this is that it is well nigh impossible in international affairs to be certain that one knows all there is to be known about a given subject. A well informed government will gratefully make use of all possible sources of information, gladly assuming the task of resolving conflicting opinions, eliminating duplications, anticipating overlaps. From the point of view of the framers of government foreign policy, it should be impossible to know too much about a given subject.

Recognizing the vagueness at the fringes of the three classifications of intelligence listed above, it is neverthe-

less possible to typify them with representative examples which may be illuminating.

1. Acquisition of information regarding the composition and potentialities of opposition groups which a foreign government would prefer to conceal from the U.S. Official American representatives cannot establish close contacts with such groups without the knowledge and probable displeasure of the government to which they are accredited. The opposition groups themselves, however, would gladly provide such information. Non-official, trained agents can readily obtain it.

2. The securing of intelligence about a friendly power through the medium of a third power. The American government may wish officially to turn the cold shoulder on such intelligence (a) in order to be able to deny an interest in it or (b) to conceal from either of the other two governments the fact of collaboration in the intelligence field.

3. Acquisition of intelligence, oftentimes not specifically of a secret nature but peculiarly valuable because of the position of the source, which is available only from sources who require complete protection of their identity before they will talk at all. Thus, a cabinet minister of a foreign power might talk freely to an American personal friend when he would not be seen in company with a known official, or would refuse to talk revealingly in a consulate, legation or embassy.

Subject Matter of Clandestine Intelligence

The examples cited above are completely general and are given solely to illustrate the range of clandestine intelligence. In order to clarify yet further the fact that a clandestine intelligence organization can devote itself to a valuable field of interest sufficiently specialized to avoid conflict with traditional American reporting services, it will be

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useful to present a more detailed analysis of that field. It may be pointed out that, specific as this analysis may appear, it is nevertheless still general in that it applies to any country at any time. The reader familiar with a single definite area can readily expand into indefinite length a list of subjects classifiable under these headings. Such a list would naturally change as internal conditions changed.

For simplicity, the general list may be divided into categories according to tradition. These are arbitrary and can readily be altered to suit any functional viewpoint.

A. Political

1. Behind-the-scenes vested interests and personalities affecting official action.

2. Important behind-the-scenes political and personal antipathies among officials.

3. Secret letters or documents interpreting official policy.

4. Unknown or little known facts in the past life of officials which may bear upon present and future activities.

5. Power of one official or group of officials over another because of past favors, blood relations, mistresses, potential black-mail, etc.

6. Statements made in private which are at variance with official pronouncements.

7. Personal indirect control of organs of public opinion.

8. Use of shady or unusual means to achieve political ends.

9. Corruptibility of officials.

10. Sub rosa relations with foreign powers.

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11. Contemplated policies of government withheld for reasons of political timing.

12. New or potential political alignments and groupings.

13. Unpublished bases of political coalitions.

14. Activities of undercover political minorities (parties or groups) and means available for accomplishing political ends (military, propaganda, money, etc.).

15. Misapplication of justice and subtle infringements on civil liberties.

B. Economic

1. Lobbying or unusual economic pressures on government policy.

2. Subtle relations with economic interests of other countries.

3. Methods of hiding important economic data.

4. Unknown or little known controls of one industry over another.

5. Black market or other illegal dealings.

6. Sub rosa patent controls and price collusion.

7. Secret technical resources and inventions.

8. Control of public opinion by vested economic interests.

9. Subtle penetration of economic life by outside governments or foreign interests, and frictions, between outside governments resulting therefrom.

C. Sociological and Psychological

1. The power of non-government groups over public opinion, (church, labor unions, etc.).

2. Power of non-government groups upon official policy.

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5. Social unrest caused by oppression of minorities, irridentism, ethnological frictions, etc.

4. Covert intellectual leadership behind public movements and public opinion.

5. Undercover attempts to influence public opinion in other countries.

6. Black propaganda intended to influence attitudes in the United States toward American policies affecting other countries.

D. Military

1. Secret development of military potential.

2. Undercover relations of military with foreign powers.

3. Secret military inventions and technical developments.

4. Secret development of political armies aimed at the incumbent power.

5. Organization and activities of internal police system.

6. Secret economic and political agreements with foreign powers aimed at the strengthening of military position.

7. Hidden critical weaknesses in military potential.

8. Political power of top military personnel.

9. Establishment of secret military or intelligence training centers.

10. Development of secret methods of communication.

E. Counter-Intelligence

(Note: The counter-intelligence function here described is intended to apply only to the foreign field and not at all in the United States except for necessary liaison with the appropriate government agencies. Furthermore, it is

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essential that the counter-intelligence function should be maintained in complete freedom from connection with police or law enforcing agencies or from the assignment to this organization of any powers thereof.)

1. Identities and places of operation of secret agents of foreign powers abroad.

2. Techniques and policies of such foreign agents, including use of sources, communications, special targets, etc.

3. Composition of foreign secret intelligence organizations.

4. Protection of American secret intelligence operations through careful vetting of sources and contacts for possible foreign control.

5. Passport and visa control activities to protect the interests of the United States from subversive immigrants or visitors, including foreign agents.

Basic Requirements of a Competent SI Organization

Assuming that the American Government does, in fact, want information of the types described above, certain fundamental principles must be recognized as essential to the process of obtaining it and maintaining an organization to handle it.

A. The information must be gathered by undercover agents in foreign countries. This means at a minimum that trained personnel must be settled abroad in private employment which obviously accounts for their being where they are. Although official, or semi-official covers may be used as a supplement, the solid basis of secret intelligence must be a corps of securely covered professionals.

B. The maintenance of secret agents abroad requires an experienced staff at the home office, and perhaps at certain field bases, which is thoroughly competent to handle the recruiting, training, documenting, financing, equipping, dispatching and directing of the agents, and to manage the receiving (including communications), editing, evaluation, processing and dissemination of their intelligence product.

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C. The entire secret intelligence operation, for security reasons which are positively essential, must have virtually complete independence from public government controls as regards identification of administrative and agent personnel, provision of personal documents (passports and visas), unvouchered funds, freedom of diplomatic pouch and cable facilities, secret codes and ciphers.

D. The secret intelligence organization should be granted all necessary facilities by other agencies of the government which it exists to serve. This, of course, can obtain only if the field of operation is clearly defined, with the fact clearly understood by all concerned that secret intelligence operations supplement but do not duplicate the functions of other information gathering agencies.

E. Continuing responsibility for secret intelligence operations must be vested in professional personnel who are personally secure, completely dependable, free from political pressures, and totally divorced from the active formulation of government policy.

F. The cost of maintaining a competent secret intelligence organization in peace time should not be underestimated. Such services are not obtained cheaply and require considerable freedom in the use of funds not subject to the usual open methods of government accounting. A budget estimate should presuppose world-wide coverage and must include such items as agent salaries, transportation costs, field operational funds, communications, plus salaries of administrative, operational and specialist staff at the home office, together with expenses there for maintaining programs of recruiting, training, etc., etc.

Conclusions

Numerous specific conclusions may be drawn from a study of this presentation. Within the limits of its immediate purpose, however, only three major points need be emphasized:

1. There is a specific field of secret intelligence operations, the failure to cover which would be detrimental to the sound formulation of American foreign policy.

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2. The conduct of secret intelligence operations is a highly technical procedure which should be entered upon only with a full realization of its complexities, a determination to maintain it only on a long term basis, and a disposition to make available all necessary facilities.

3. The secret intelligence organization should be devoid of responsibility for or direct participation in the formulation of foreign policy and should be equally free from political control or that of any single or exclusive group of policy forming agencies.

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